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## **Third Round Housing Element & Fair Share Plan**

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**Adopted by the Planning Board May 17, 2010**



Clarke Caton Hintz

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**Bethlehem Township, Hunterdon County, New Jersey**

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Prepared for Bethlehem Township by:

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**FAIR SHARE PLAN APPENDICES**

- Appendix A. Planning Board Resolution adopting the Housing Element and Fair Share Plan
- Appendix B. Governing Body Resolution Endorsing the Housing Element and Fair Share Plan
- Appendix C. Workbook D
- Appendix D. Supportive and Special Needs Highlands Council Waiver
- Appendix E. Draft Accessory Apartment Ordinance
- Appendix F. Draft Affordable Housing Ordinance
- Appendix G. Draft Development Fee Ordinance
- Appendix H. Spending Plan
- Appendix I. Governing Body Resolution of Intent to Bond
- Appendix J. Draft Housing Liaison Ordinance and Appointing Resolution



## **EXECUTIVE SUMMARY**

This amended third round housing element and fair share plan has been prepared for the Township of Bethlehem, Hunterdon County in accordance with the 2008 revised rules of the New Jersey Council on Affordable Housing ("COAH") at N.J.A.C. 5:96 et seq. and N.J.A.C. 5:97 et seq. In addition, as the Township of Bethlehem is under the jurisdiction of the New Jersey Highlands Water Protection and Planning Council ("Highlands Council"), the Township's affordable housing plan components were reviewed for consistency with the Highlands Regional Master Plan ("Highlands RMP"). This amended third round housing element and fair share plan was also guided by COAH's August 12, 2009 Guidance for Municipalities that Conform to the Highlands Regional Master Plan as well as the August 2009 Highlands Council "Module 3: Housing Element and Fair Share Plan Instructions – Highlands Mod 3".

This Plan will serve as the foundation for the Township's submission to Superior Court for a Judgment of Compliance and Repose by June 8, 2010. The Plan will also be submitted to the Highlands Council by June 8, 2010.

There are three components to a municipality's affordable housing obligation: the rehabilitation share, the prior round obligation and the third round obligation. The Township's total affordable housing obligation can be summarized as the following:

- Rehabilitation Obligation: 5 units
- Prior Round Obligation: 42 units
- Third Round Obligation: 11 units (Highlands RMP)

The Township will satisfy the rehabilitation obligation with a rehabilitation program to be operated by the County and/or the Township. The prior round obligation will be satisfied with special needs facilities, a previously executed regional contribution agreement with the City of New Brunswick and an accessory apartment program. The third round will be satisfied with a market to affordable program and regional transfer using the Highlands Affordable Housing Development Partnership Program.

## **AFFORDABLE HOUSING IN NEW JERSEY**

### **INTRODUCTION TO COAH**

In its landmark 1975 decision referred to now as "*Mount Laurel I*", the New Jersey Supreme Court ruled that developing municipalities have a constitutional obligation to provide a realistic opportunity for the construction of low and moderate income housing.<sup>1</sup> In its 1983 "*Mount Laurel II*" decision, the Supreme Court extended the obligation to all municipalities, designated the State Development Guide Plan or any successor State Plan as a critical touchstone to guide the implementation of this obligation and created an incentive for private developers to enforce the "*Mount Laurel* doctrine" by suing municipalities which are not in compliance.<sup>2</sup>

In 1985, the Fair Housing Act ("FHA") (N.J.S.A. 52:27D-310) was adopted as the legislative response to the *Mt. Laurel* court decisions. The FHA created the Council on Affordable Housing as the administrative alternative to the Courts. COAH is responsible for establishing housing regions, estimating low and moderate income housing needs, setting criteria and guidelines for municipalities to determine and address their fair share numbers, and reviewing and approving housing elements and fair share plans.

Municipalities have the option of filing their adopted and endorsed housing elements and fair share plans with COAH and petitioning for COAH's approval, known as "substantive certification". Municipalities that opt to participate in the COAH certification process are granted a measure of legal protection against exclusionary zoning litigation. By petitioning, COAH allows a municipality to maximize control of its planning and zoning options in addressing its affordable housing obligation. Similarly, under the FHA, a municipality can apply to the Superior Court for a Final Judgment of Compliance and Repose, which is the judicial equivalent of COAH's grant of substantive certification.

Under the Municipal Land Use Law ("MLUL"), a municipal Planning Board must adopt the housing element as part of the Master Plan. COAH's process also requires the governing body to endorse the housing element by resolution. In addition, the governing body's resolution requests that COAH review the housing element and fair share plan along with supporting documents for substantive certification action. Once the municipality's housing element and fair share plan have been granted substantive

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<sup>1</sup> Southern Burlington NAACP v. Township of Mt. Laurel, 67 NJ 151 (1975)

<sup>2</sup> Southern Burlington NAACP v. Township of Mt. Laurel, 92 NJ 158 (1983)



certification by COAH, the municipality's zoning ordinance enjoys a presumption of validity against any lawsuits challenging it.

### **COAH'S FIRST AND SECOND ROUND METHODOLOGY**

The FHA empowered COAH to create criteria and guidelines for municipalities to determine and address their respective fair share numbers. In response, COAH established a formula for determining municipal affordable housing obligations for the six-year period between 1987 and 1993 (*N.J.A.C. 5:92-1 et seq.*), which became known as the "first round." That formula was superseded by the 1994 COAH regulations (*N.J.A.C. 5:93-1.1 et seq.*) which recalculated a portion of the 1987-1993 affordable housing obligation for each municipality and computed the additional municipal affordable housing need from 1993 to 1999; this 12 year cumulative period from 1987 through 1999 is known as the "second round."

### **COAH'S THIRD ROUND METHODOLOGY**

On December 20, 2004, COAH's first version of the third round rules became effective. At that time the third round was defined as the time period from 1999 to 2014 condensed into an affordable housing delivery period from January 1, 2004 through January 1, 2014. The third round rules marked a significant departure from the methodology utilized in COAH's two prior rounds. Previously, COAH assigned an affordable housing obligation as an absolute number to each municipality. These third round rules implemented a "growth share" approach that linked the production of affordable housing with future residential and non-residential development within a municipality. Each municipality was required to project the amount of residential and nonresidential growth that would occur during the period 2004 through 2014. Then municipalities were required to provide one affordable unit for every 8 market rate housing units developed and one affordable unit for every 25 jobs created (expressed as non-residential building square footage).

However, in a unanimous decision in January 2007, the New Jersey Appellate Court invalidated key aspects of COAH's third round rules. The Court ordered COAH to propose and adopt amendments to its rules to address the deficiencies identified by the Court. COAH's revised rules, effective on June 2, 2008 as well as a further rule revision, adopted September 22, 2008 and effective on October 20, 2008, provide residential development and job projections for the third round (which was expanded to encompass the years 2004 through 2018). Additionally, COAH revised its ratios to require one



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affordable housing unit for every four market rate housing units developed and one affordable housing unit for every 16 jobs created, still expressed as non-residential building square footage. As discussed below, municipalities within the Highlands that are conforming with the Highlands RMP are required to use the aforementioned affordable housing ratios; however, they may elect to utilize either COAH's household and employment projections or the projections based on the Highlands RMP build-out under Module 2.

Municipalities must set forth in the Housing Element and Fair Share Plan how they intend to accommodate the projected affordable housing obligation, generated by either COAH's revised third round growth projections or the projections based on the RMP build-out under Module 2. However, COAH's substantive rules also require that a municipality provide a realistic opportunity for affordable housing in proportion to its actual growth during the third round as expressed in permanent certificates of occupancy issued for residential and nonresidential development.

#### **HIGHLANDS REGIONAL MASTER PLAN**

In 2008, Bethlehem Township began the process of preparing a third round housing element and fair share plan to address COAH's revised third round rules at N.J.A.C. 5:96 et seq. and 5:97 et seq., which became effective on June 2, 2008. During the same time period, the Township reviewed the Highlands RMP and initiated conversations regarding participation in the Highlands RMP conformance process.

On September 5, 2008, Governor Corzine issued Executive Order #114 to coordinate actions between COAH and the Highlands Council. The Executive Order directed the Highlands Council to work with COAH and the Department of Environmental Protection ("DEP") to establish a framework for municipalities in the Highlands to provide for a realistic opportunity for affordable housing while also conforming to the Highlands RMP.

In response to the Executive Order, in October, 2008, COAH and the Highlands Council entered into a Memorandum of Understanding (MOU) that outlined the structure of the relationship between COAH and the Highlands Council. Among other items, the MOU provided for joint determinations of the suitability of affordable housing sites. Additionally, the MOU identified a process for developing revised growth projections for Highlands municipalities that are consistent with the RMP. Under the



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MOU, the projections created under this process would serve as the basis for allocating third round growth share obligations to municipalities in the Highlands.

Pursuant to the MOU, COAH granted waivers from the December 31, 2008 petition submission deadline established in its rules at N.J.A.C. 5:96-16.2(a) for Highlands municipalities that submitted: 1) a Notice of Intent in accordance with the Highlands Council's Plan Conformance Guidelines; and 2) submitted an adopted resolution notifying COAH of its intent to petition COAH no later than December 8, 2009. COAH also imposed a scarce resource order for all municipalities in the Highlands that are under COAH jurisdiction in order to preserve scarce land, water, and sewer capacity for the production of affordable housing. The Superior Court granted Bethlehem Township an extension of immunity through December 8, 2009.

On August 12, 2009, COAH again extended the deadline for municipalities in the Highlands Region to petition for substantive certification from December 8, 2009 to June 8, 2010. COAH also adopted Guidance for Municipalities that Conform to the Highlands Regional Master Plan, and granted a waiver from COAH's regulations that outlined how a municipality may calculate its projected growth share obligation. Instead, COAH permitted a municipality to base its third round growth share obligation on projections completed under the Highlands Module 2 build-out analysis. On August 20, 2009, the Highlands Council issued additional instructions on completing a housing element and fair share plan.

#### RECENT EFFORTS AT AFFORDABLE HOUSING REFORM

On July 17, 2008 Governor Corzine signed P.L.2008, c.46 (also known as the "Roberts Bill" after NJ Assembly Speaker Joseph Roberts), which amended the Fair Housing Act in a number of ways. Key provisions of the bill included the following:

- Established a statewide 2.5% nonresidential development fee instead of a nonresidential growth share delivery for affordable housing;
- Eliminated regional contribution agreements; and
- Requirement for 13% of affordable housing units and 13% of all units funded by the Balanced Housing Program and the Statewide Affordable Housing Trust Fund to be restricted to very low income households (30% or less of median income).

COAH has not yet promulgated rules to effectuate the "Roberts Bill". COAH's 2008 revised third round rules were again challenged and the Appellate Division heard oral arguments in late 2009. A decision is expected in the spring of 2010. In addition, on



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July 27, 2009, Governor Corzine signed P.L. 2009, c. 90 "NJ Economic Stimulus Act of 2009", which instituted a moratorium on the collection of non-residential affordable housing development fees.

On February 9, 2010, new Governor Chris Christie signed Executive Order No. 12. This Order established a five-member Housing Opportunity Task Force which was charged with reviewing the effectiveness of the Fair Housing Act, COAH and COAH's regulatory structure in meeting the constitutional obligations under the *Mount Laurel* doctrine. The Executive Order also ordered COAH to refrain from continuing to process applications for substantive certification or from otherwise implementing the third round rules during the Housing Opportunity Task Force's 90-day review period. On February 19, 2010, the Appellate Division issued a stay on the portion of the Executive Order that prevented COAH from processing applications and implementing its third round rules. On March 20, 2010, Governor Christie issued Executive Order No. 20, which rescinded Executive Order No. 12.

The Governor's Executive Order No. 20 coincided with the release of the report prepared by the Housing Opportunity Task Force on March 20, 2010. In the report, the Task Force recommended that the Governor revisit COAH's original growth share methodology, reinstate the use of regional contribution agreements and eliminate prior round obligations. To date, the Christie Administration has not advanced the recommendations outlined in the Task Force's report.

In addition to affordable housing reform activities in the Executive branch, the legislature has introduced a number of pieces of legislation aimed at reforming affordable housing in New Jersey. The most notable is Senate Bill No. 1, known as "S-1", which would abolish COAH and completely restructure the State's affordable housing operation. Despite all of this uncertainty about the future of COAH, the Township must proceed with its compliance with the current COAH regulations, which require the Township to file for third round repose by June 8, 2010 in order to remain under the Court's jurisdiction and therefore be protected from builder's remedy lawsuits.

A municipality's third round fair share plan must address (1) its rehabilitation share, (2) the prior round obligation and (3) the COAH-projected third round growth share obligation or the Highlands projections based on actual growth through 2008 and the Highlands RMP build-out for Module 2. The rehabilitation share is the estimated number of existing substandard housing units in a municipality that are occupied by low or moderate income households, as determined by COAH (Appendix B. to *N.J.A.C.* 5:97). The prior round obligation is a municipality's adjusted second round new

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construction component brought forward to the third round (Appendix C. to *N.J.A.C.* 5:97). Third round housing plans must document how existing or proposed affordable housing units satisfy this prior round obligation.

As stated above, the third round obligation is based on growth projections for the period of 2004 and 2018. Municipalities within the Highlands that are conforming with the RMP are required to use the aforementioned affordable housing ratios. Bethlehem Township has elected to utilize the Highlands RMP Adjusted Growth Projections. A more detailed explanation of how the third round growth share obligation is established is described later in the plan.

#### **AFFORDABILITY REQUIREMENTS**

Affordable housing is defined under New Jersey's Fair Housing Act as a dwelling, either for sale or rent that is within the financial means of households of low or moderate income as income is measured within each housing region. Bethlehem Township is in COAH's Region 3, which includes Hunterdon, Somerset and Middlesex counties. Moderate-income households are those earning between 50% and 80% of the regional median income. Low-income households are those with annual incomes that are between 30% and 50% of the regional median income. With changes to the law in July of 2008, COAH has also created a very low-income category, which is defined as households earning 30% or less of the regional median income.

Through the Uniform Housing Affordability Controls ("UHAC") at *N.J.A.C.* 5:80-26.3(d) and (e), COAH requires that the maximum rent for a qualified unit be affordable to households that earn no more than 60% of the median income for the region. The average rent must be affordable to households earning no more than 52% of the median income. The maximum sale prices for affordable units must be affordable to households that earn no more than 70% of the median income. The average sale price must be affordable to a household that earns no more than 55% of the median income.

The regional median income is defined by COAH using the federal Department of Housing and Urban Development ("HUD") income limits on an annual basis. In the spring of each year HUD releases updated regional income limits which COAH reallocates to its regions. It is from these income limits that the rents and sale prices for affordable units are derived. See Tables 1 through 3 for additional information. Table 1 provides the 2009 Income Limits for Region 3, however, COAH has published figures for up to eight person households; the most common figures have been supplied here.



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Income limits are updated annually and are available from COAH. The sample rents and sale prices in Tables 2 and 3 are gross figures and do not account for the specified utility allowance.

Table 1. 2009 Income Limits for Region 3

Household Income Levels	1 Person Household	2 Person Household	3 Person Household	4 Person household	5 Person Household
Moderate Income	\$56,056	\$64,064	\$72,072	\$80,080	\$86,486
Low Income	\$35,035	\$40,040	\$45,045	\$50,050	\$54,054
Very Low Income	\$21,021	\$24,024	\$27,027	\$30,030	\$32,432

Source: COAH 2009 Regional Income Limits

Table 2. Sample 2009 Affordable Rents for Region 3

Household Income Levels	1 Bedroom Unit Rent	2 Bedroom Unit Rent	3 Bedroom Unit Rent
Moderate Income at 60%	\$1,126	\$1,351	\$1,562
Low Income at 46%	\$863	\$1,036	\$1,197
Very Low Income at 30%	\$563	\$676	\$781

Source: COAH Illustrative 2009 Low and Moderate Income Rents for New Construction and/or Reconstruction

Table 3. Sample 2009 Affordable Sale Prices for Region 3

Household Income Levels	1 Bedroom Unit Purchase	2 Bedroom Unit Purchase	3 Bedroom Unit Purchase
Moderate Income at 70%	\$118,243	\$141,892	\$163,964
Low Income at 50%	\$84,459	\$101,351	\$117,117
Very Low Income at 30%	\$50,676	\$60,811	\$70,270

Source: COAH Illustrative 2009 Low & Moderate Income Sales Prices for New Construction

## **HOUSING ELEMENT AND FAIR SHARE REQUIREMENTS**

In accordance with the MLUL, found at N.J.S.A. 40:55D-1, et seq., a municipal Master Plan must include a housing element as the foundation for the municipal zoning ordinance. Pursuant to the FHA, a municipality's housing element must be designed to provide access to affordable housing to meet present and prospective housing needs, with particular attention to low and moderate income housing. The housing element must contain at least the following, as per the FHA at N.J.S.A. 52:27D-310:

- An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated;
- A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development, and probable residential development trends;
- An analysis of the municipality's demographic characteristics, including, but not necessarily limited to, household size, income level, and age;
- An analysis of the existing and probable future employment characteristics of the municipality;
- A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing; and
- A consideration of the lands most appropriate for construction of low and moderate income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low and moderate income housing, including a consideration of lands of developers who have expressed a commitment to provide low and moderate income housing.

In addition, pursuant to COAH regulations (*N.J.A.C. 5:97-2.3*), the housing element and fair share plan must address the entire third round cumulative (1987-2018) affordable housing obligation consisting of the rehabilitation share, any remaining balance of the prior round obligation and the third round obligation based either on COAH's projections or the Highlands RMP Adjusted Growth Projections. COAH's regulations require the following documentation to be submitted with the housing element and fair share plan:

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- The minimum requirements of the FHA listed above (N.J.S.A. 52:27D-310);
- Household and employment projections created by COAH;
- Municipal rehabilitation, prior round and third round obligations;
- Descriptions of any credits intended to address any portion of the fair share obligation, including all information required by N.J.A.C. 5:97-4;
- Descriptions of any adjustments to any portion of the fair share obligation, including all information required by N.J.A.C. 5:97-5;
- Descriptions of any mechanisms intended to address the prior round obligation, the rehabilitation share and the third round obligation;
- An implementation schedule with a detailed timetable that demonstrates a "realistic opportunity" for the construction of affordable housing, as defined by N.J.A.C. 5:97-1.4.
- Draft and/or adopted ordinances necessary for the implementation of the mechanisms designed to satisfy the fair share obligation;
- A demonstration that existing zoning or planned changes in zoning provide adequate capacity to accommodate any proposed inclusionary developments, pursuant to N.J.A.C. 5:97-6.4;
- A demonstration of existing or planned water and sewer capacity sufficient to accommodate all proposed mechanisms;
- A spending plan, pursuant to N.J.A.C. 5:97-8.10;
- A map of all sites designated by the municipality for the production of low and moderate income housing;
- A copy of the most recently adopted Master Plan and, where required, the immediately preceding adopted Master Plan;
- A copy of the most recently adopted zoning ordinance;
- A copy of the most up-to-date tax maps; and
- Any other information required by N.J.A.C. 5:97 or requested by COAH or the Superior Court.

### **BETHLEHEM TOWNSHIP'S AFFORDABLE HOUSING HISTORY**

In 1990, Bethlehem Township reached a settlement with a builder's remedy litigant, which resulted in a monetary contribution to fund the Township's rehabilitation obligation. The Township filed a housing element with COAH on March 14, 1995; however, the Township did not petition for substantive certification. On October 5, 1995, the Township was faced with a second builder's remedy lawsuit in Superior Court, and reached a settlement agreement with the litigant.

Bethlehem Township adopted a second round housing element and fair share plan and petitioned COAH for substantive certification on October 23, 1998. In February 2000, the Township amended its second round plan and re-petitioned COAH for substantive certification. COAH granted Bethlehem second round substantive certification on June 6, 2001. The Township's second round substantive certification expired June 6, 2007.

On January 25, 2007, the Appellate Division issued a decision, which overturned key portions of COAH's adopted third round rules at N.J.A.C. 5:94 et seq and N.J.A.C. 5:95 et seq. In response, the Township of Bethlehem filed a motion in Superior Court seeking an order providing immunity, protection and repose against exclusionary zoning until after COAH's revised third round rules are effective. On June 29, 2007, the Superior Court entered an order granting immunity until six months after the date that COAH's revised third round rules were effective. On November 26, 2008, Judge Accurso amended the June 29, 2007 order of protection, extending the immunity protection and repose until December 8, 2009, the original deadline for municipalities within the Highlands to file a third round housing element and fair share plan. On August 12, 2009, COAH extended the deadline for Highlands municipalities to petition for substantive certification until June 8, 2010. This housing element and fair share plan has been prepared for submission by the June 8, 2010 deadline.



## **GOALS AND OBJECTIVES**

In furtherance of the Township's efforts to ensure sound planning, this Plan is consistent with the Highland RMP's goals and objectives pursuant to Bethlehem Township's Initial Assessment report, which was submitted to the Highlands Council on March 10, 2009. The Township's housing element and fair share plan is consistent with the following goals, objectives, and policies related to Housing and Community Facilities identified in the RMP:

1. Market-rate and affordable housing sufficient to meet the needs of the Highlands Region within the context of economic, social and environmental constraints;
2. Establish a region-wide, comprehensive approach to addressing housing needs in the Highlands Region, serving all age groups, income levels and mobility options;
3. A comprehensive housing program addressing regional housing needs within the context of preserving the character and environmental integrity of the Highlands;
4. Preserve and monitor existing stocks of affordable housing;
5. Promote where appropriate and permitted by the Land Use Capability Zone affordable housing within new residential and mixed use development, redevelopment, or adaptive reuse projects;
6. To require that conforming municipalities implement both the resource protection requirements of the RMP along with the New Jersey Supreme Court's doctrine, in its Mount Laurel decisions, that every municipality in a "growth area" has a constitutional obligation to provide through its land use regulations, sound land use, and long range planning, a realistic opportunity for a fair share of its region's present and prospective needs for housing for low and moderate income families; and
7. To require that conforming municipalities update and adopt a housing element, fair share plan, and implementing ordinance(s) to reflect current conditions and resource protection requirements of the RMP.



## **HOUSING STOCK AND DEMOGRAPHIC ANALYSIS**

### **HOUSING STOCK INVENTORY**

In 2000, there were 1,303 housing units in Bethlehem Township, of which 37 or 2.8% were vacant. Of the 1,266 occupied units, 96.7% were owner occupied and 4.3% were rented. Table 4, Housing Units by Occupancy Status, illustrates the occupancy status in 2000.

Table 4. Housing Units by Occupancy Status, 2000.

	Housing Units	Owner Occupied	Renter Occupied
Occupied	1,266	1,211	55
Vacant	37		
Total	1,303		

Source: 2000 US Census

The housing stock in Bethlehem Township is comprised primarily of single family homes. Single family detached units account for 98% of the total housing stock. The remaining 2% of the housing stock are a combination of duplexes and mobile homes. See Table 5, Housing Units by Number of Units in Structure for a detailed explanation of the housing units in 2000.



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Table 5. Housing Units by Number of Units in Structure, 2000.

Number of Units	Owner Occupied	Rental	Vacant	Total
1, Detached	1,200	44	33	1,277
1, Attached	0	0	0	0
2	7	8	4	19
3 or 4	0	0	0	0
5 to 9	0	0	0	0
10 to 19	0	0	0	0
20 +	0	0	0	0
Mobile Home	7	0	0	7
Other	0	0	0	0
Total	1,214	52	37	1,303

Source: 2000 US Census

Table 6, Housing Units by Age, below depicts the aging of the Township's housing stock. Bethlehem Township has a relatively young housing stock, with its greatest period of construction occurring between 1990 and 2000 during which 332 units or 25.5% of the entire housing stock were built. The median age of the Township's housing units is 32 years.

Table 6. Housing Units by Age, 2000.

Year Built	Total Units	Percent	Owner Occupied	Renter Occupied	Vacant
1990 - 2000	332	25.5%	316	0	16
1980 - 1989	243	18.6%	242	1	0
1970 - 1979	322	24.7%	322	0	0
1960 - 1969	108	8.3%	108	0	0
1950 - 1959	48	3.7%	33	12	3
1940-1949	50	3.8%	36	11	3
Before 1940	200	15.3%	157	28	15
Total	1,303	100.0%	1,214	52	37
Median Year	1978		1978	Pre-1940	

Source: 2000 US Census

While the Township offers a variety of sized units, the housing stock is moderately sized. The majority of the housing (50.6%) has four bedrooms, and less than five (5%) percent of the total units are studios and one-bedroom units. See Table 7, Housing Units by Number of Bedrooms for additional information.

Table 7. Housing Units by Number of Bedrooms, 2000.

Rooms	Number of Units	Percent
No bedroom	5	0.4%
1	38	2.9%
2	105	8.1%
3	442	33.9%
4	659	50.6%
5 or more	54	4.1%
Total	1,303	100.0%

Source: 2000 US Census

Tables 8 and 9, Housing Values, show that the median housing value in Bethlehem Township increased by 23.3% from \$225,700 in 1990 to \$278,400 in 2000. In Hunterdon County, the median housing value increased between 1990 and 2000 from \$210,700 to \$245,000. Bethlehem Township's median housing value in 2000 exceeded Hunterdon County's median by \$33,400. The Township also experienced a greater appreciation rate between 1990 and 2000 than the County, growing at 23% compared to the County's 18% increase.

Table 8. Housing Values, Owner Occupied, 1990.

Housing Value	Number	Percent
Less than \$50,000	2	0.3%
\$50,000 to \$99,999	33	4.2%
\$100,000-\$149,999	70	8.9%
\$150,000-\$199,999	192	24.4%
\$200,000-\$249,999	187	23.8%
\$250,000-\$299,999	164	20.9%
\$300,000-\$399,999	105	13.4%
\$400,000-\$499,999	25	3.2%
\$500,000 or more	8	1.0%
Total	786	100.0%
1990 Median Value	\$225,700	

Source: 1990 US Census

Table 9. Housing Values, Owner Occupied, 2000.

Housing Value	Number	Percent
Less than \$50,000	0	0.0%
\$50,000 to \$99,999	5	0.5%
\$100,000-\$149,999	65	6.0%
\$150,000-\$199,999	143	13.2%
\$200,000-\$249,999	215	19.9%
\$250,000-\$299,999	200	18.5%
\$300,000-\$399,999	269	24.8%
\$400,000-\$499,999	121	11.2%
\$500,000 or more	65	6.0%
Total	1,083	100.0%
2000 Median Value	\$278,400	

Source: 2000 US Census



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Lower value units under \$150,000, of particular concern for affordable housing, made up less than 10% of the total number of housing units in Bethlehem Township. This data from the 2000 Census is a self-reported value. Past studies have noted that this value tends to be under reported because of the respondent's uncertainty about how the data will be used.

Table 10, Comparison of Bethlehem Township and Hunterdon County Gross Monthly Rental Cost, tabulates the differences in the gross costs of rental housing between Bethlehem Township and Hunterdon County. In 2000, Bethlehem Township's median gross monthly rental cost was \$677, \$190 less than the County median of \$867.

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Table 10. Comparison of Bethlehem and Hunterdon Co., Monthly Rental Cost\*, 2000

Monthly Rent	Number in Bethlehem	Percent in Bethlehem	Number in Hunterdon Co.	Percent in Hunterdon Co.
\$0-\$99	0	0.0%	13	0.4%
\$100-\$149	0	0.0%	45	0.3%
\$150-\$199	0	0.0%	56	0.7%
\$200-\$249	0	0.0%	51	0.7%
\$250-\$299	0	0.0%	46	0.9%
\$300-\$349	0	0.0%	63	0.9%
\$350-\$399	0	0.0%	86	1.1%
\$400-\$449	5	19.2%	71	1.9%
\$450-\$499	0	0.0%	97	2.3%
\$500-\$549	0	0.0%	157	4.7%
\$550-\$599	0	0.0%	157	7.5%
\$600-\$649	0	0.0%	264	8.4%
\$650-\$699	15	57.7%	332	8.6%
\$700-\$749	0	0.0%	522	10.3%
\$750-\$799	0	0.0%	487	7.8%
\$800-\$899	0	0.0%	1,022	13.9%
\$900-\$999	0	0.0%	811	10.5%
\$1,000-\$1,249	6	23.1%	1,058	12.0%
\$1,250-\$1,499	0	0.0%	476	3.6%
\$1,500-\$1,999	0	0.0%	328	2.6%
\$2,000 +	0	0.0%	120	0.8%
Total	26	100.0%	6,262	100.0%
Median Rent	\$677		\$867	

\*Includes only those units with cash rents

Source: 2000 US Census10

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In the year 2000, Bethlehem Township had seven housing units that lacked complete plumbing facilities; however, the Township did not have any overcrowded housing units (defined as having 1.01 or more persons per room). See Table 11, Selected Quality Indicators.

Table 11. Selected Quality Indicators, Occupied Housing Stock, 2000.

	Overcrowded	Lacking Complete Plumbing	Combined Overcrowded and Lacking Complete Plumbing
No. Units	0	7	0

Source: 2000 US Census

#### GENERAL POPULATION CHARACTERISTICS

The population of Bethlehem Township increased between 1970 and 2000 from 1,385 to 3,820, with the Township experiencing the greatest rate of growth between 1970 and 1980 when its population grew by 119.9%. The Township's growth rate slowed to 1.9% between 1980 and 1990. See Table 12, Population Growth for additional detail.

Table 12. Population Growth.

	1980	Percent Change	1990	Percent Change	2000	Percent Change
Bethlehem Township	3,045	119.9%	3,104	1.9%	3,820	23.1%
Hunterdon County	87,361	25.3%	107,776	23.4%	121,989	13.2%

Source: 1970, 1980, 1990 and 2000 US Census

In 2000, individuals between the ages of 35 and 44 made up the largest age bracket in Bethlehem Township, representing 21.4% of the total population. The number of residents between the ages of 55 and 64 spiked between 1990 and 2000, increasing by 60.3% from 247 individuals in 1990 to 396 in 2000. In addition to a growing senior population, persons between the ages of 5 and 14 had the second largest percent change

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between 1990 and 2000, growing from 471 in 1990 to 679 in 2000. See Table 13, Age Distribution for additional detail.

Table 13. Age Distribution, 1990 – 2000.

Age Group	1990	Percent	2000	Percent	Percent Change
Under 5	206	6.6%	283	7.4%	37.4%
5-14	471	15.2%	679	17.8%	44.2%
15-24	420	13.5%	356	9.3%	-15.2%
25-34	381	12.3%	314	8.2%	-17.6%
35-44	681	21.9%	817	21.4%	20.0%
45-54	514	16.6%	726	19.0%	41.2%
55-64	247	8.0%	396	10.4%	60.3%
65-74	119	3.8%	156	4.1%	31.1%
75+	65	2.1%	93	2.4%	43.1%
Totals:	3,104	100.0%	3,820	100.0%	23.1%
Median Age:			38.8		37.4%

Source: 1990 and 2000 US Census

## HOUSEHOLD CHARACTERISTICS

A household is defined by the U.S. Census Bureau as those persons who occupy a single room or group of rooms constituting a housing unit; however, these persons may or may not be related. By comparison, a family is identified as a group of persons including a householder and one or more persons related by blood, marriage or adoption, all living in the same household. In 2000, there were 1,266 households in Bethlehem Township, with an average of 3.02 persons per household and an average of 3.26 persons per family.

Table 14, Households by Household Type, breaks down the different household types. In 2000, families made up 86.3% of all households in Bethlehem Township, with married couples comprising 92.9% of all family households. Of the married couples, there was a very close division between those with children (51%) and those without

children (49%). The Township also was home to 131 one person households, which accounted for 10.3% of all households.

Table 14. Households by Household Type, 2000

	Households	Percent
Family Households (2+ Person Households)	1,093	86.3%
<i>Married Couple with Children</i>	516	
<i>Married without Children</i>	500	
<i>Other Family Household</i>	77	
Non Family Households (2+ Person Households)	42	3.3%
<i>Male Household without Children</i>	25	
<i>Female Household without Children</i>	17	
1-person household:	131	10.3%
<i>Male householder</i>	60	
<i>Female householder</i>	71	
Total Households	1,266	100.0%

Source: US Census, 2000.

#### INCOME CHARACTERISTICS

In 2000, persons residing in Bethlehem Township had on average significantly higher incomes than in Hunterdon County as a whole. The 2000 median household income in Bethlehem Township was \$88,048 for households and \$92,768 for families. Comparable figures for the County were \$79,888 for households and \$91,050 for families.

Table 15, Household Income by Income Brackets, further illustrates these findings by noting the number of households in each of the income categories. Within the Township, nearly 42.8% of all households had incomes of \$100,000 or more. The largest income bracket, comprising 23.6% of all Township households, was the group that earned between \$100,000 and \$149,999 per year.



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Table 15. Household and Family Income by Income Brackets, 2000.

	Households	Percent
Less than \$10,000	32	2.5%
\$10,000-\$14,999	5	0.4%
\$15,000-\$24,999	53	4.2%
\$25,000-\$34,999	62	4.9%
\$35,000-\$49,000	107	8.4%
\$50,000-\$74,999	211	16.6%
\$75,000-\$99,999	259	20.3%
\$100,000-\$149,999	300	23.6%
\$150,000-\$199,999	131	10.3%
\$200,000 +	113	8.9%
Total:	1,273	100.0%
Median Income:	\$88,048	

Source: 2000 US Census

Table 16, Distribution of Persons and Households Below Poverty Level, shows that in Bethlehem Township, 1.0% of all residents live below the poverty level as defined by the 2000 U.S. Census compared to 2.5% of individuals in Hunterdon County. As of 2000, the Township did not have any persons in families that lived below the poverty level.

Table 16. Percent Distribution of Persons and Households Below Poverty Level, 2000

	Persons	Percent	Persons in Families	Percent
Bethlehem Township	40	1.0%	0	0.0%
Hunterdon County	3,027	2.5%	1,851	1.8%

Source: US Census, 2000.

## EMPLOYMENT CHARACTERISTICS

Table 17, Distribution of Employment by Industry, shows the distribution of employment by industry for employed Bethlehem Township residents. The education, health and social services sector employed the largest segment of the population, engaging 19.0% of the population respectively. The professional, scientific, management, administrative and waste management service category followed at a close third, employing 16.5% of the population.

**Table 17. Distribution of Employment by Industry, Employed  
Bethlehem Township Residents, 2000**

Sector Jobs	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	21	1.1%
Construction	143	7.2%
Manufacturing	280	14.0%
Wholesale Trade	51	2.6%
Retail Trade	177	8.9%
Transportation and Warehousing, and Utilities	86	4.3%
Information	167	8.4%
Finance, Insurance, Real Estate, and Rental and Leasing	142	7.1%
Professional, Scientific, Management, Administrative, and Waste Management Services	330	16.5%
Education, Health and Social Services	380	19.0%
Arts, Entertainment, Recreation, Accommodation, and Food Services	83	4.2%
Public Administration	57	2.9%
Other Services (except public administration)	82	4.1%
Total	1,999	100.0%

Source: US Census, 2000.

Table 18, Employment by Occupation, identifies the occupations of employed persons. While Bethlehem Township residents worked in a variety of industries in 2000, nearly 48% of Bethlehem Township's residents were employed in managerial, professional and



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related occupations with sales and office occupations at a distant second with 26.9% of the employed population.

**Table 18. Employment by Occupation, Employed Bethlehem Township Residents, 2000**

Sector Jobs	Number	Percent
Management Professional, and Related Occupations	958	47.9%
Service Occupations	172	8.6%
Sales and Office Occupations	538	26.9%
Farming, Fishing, and Forestry Occupations	15	0.8%
Construction, Extraction, and Maintenance Occupations	236	11.8%
Production, Transportation, and Materials Moving Occupations	80	4.0%
Total	1,999	100.0%

Source: US Census, 2000.

The Department of Labor and Workforce Development is unable to provide the total covered employment for Bethlehem Township, as the Township is home to a number of industries where one employer makes up a significant percentage of the employment or the wages of an industry. While total covered employment is not available, data for covered employment by sector is available for 2003. According to the 2003 data available from the Department of Labor and Workforce Development, Bethlehem Township's largest sector of in-town employment is in the manufacturing sector, with an annual average of 100 jobs in the industry. Transportation and warehousing is a distant second, with 44 jobs. Table 19, Covered Employment by Sector, provides additional detail.

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**Table 19: Covered Employment by Sector**

	Employment					Wages	
	March	June	Sept.	Dec.	Average	Weekly	Annual
Private Sector Municipality Total	206	248	224	228	220	\$790	\$41,065
Construction	.	.	.	.	.	.	.
Manufacturing	98	103	99	96	100	\$774	\$40,244
Wholesale trade							
Retail trade	17	28	28	26	24	\$270	\$14,042
Transportation and warehousing	52	55	42	45	44	\$460	\$23,924
Professional and technical services	.	.	.	.	.	.	.
Other services, except public admin.	.	.	.	.	.	.	.
Government Municipality Total							
Local Government Municipality Total	124	134	105	135	111	\$756	\$39,286
<b>Total Covered Employment</b>	<b>330</b>	<b>382</b>	<b>329</b>	<b>363</b>	<b>331</b>		

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographic and Economic Analysis, NJ Covered Employment Trends, 2003. Data from 2003 are the most current data available at the municipal level. Data have been suppressed (.) for industries with few units or where one employer is a significant percentage of employment or wages of the industry. Industry/Government sectors with zero employment or wages have been removed in each municipality.



## **GROWTH TRENDS AND PROJECTIONS**

The Township will meet the Highlands RMP Adjusted Growth Projections for household and job growth during the third round (2004 through 2018).

### **RESIDENTIAL TRENDS AND PROJECTIONS**

The number of housing units created in Bethlehem Township fluctuated between 1996 and 2009, with the Township issuing an average of 16.6 residential certificates of occupancy each year during this time. However, the average growth rate does not reflect present development trends. The Township experienced a drop in residential construction after 2003, with Bethlehem issuing an average of four certificates of occupancy for the period between 2003 and 2009. The Township anticipates minimal residential construction during COAH's third round period. This is due to a host of factors including the Township's intent to conform to the Highlands RMP and the weak housing market.

According to the Highlands RMP Adjusted Growth Projections, Bethlehem Township is expected to add 53 units between 2004 and 2018. Bethlehem Township finds the Highlands RMP Adjusted Growth Projections for residential growth can be accommodated.

### **NONRESIDENTIAL TRENDS AND PROJECTIONS**

Bethlehem Township has experienced minimal non-residential growth in the last decade, with storage space accounting for 74% of the non-educational growth in the Township. Given the Township's location in the Highlands Preservation Area, the weak office market, the slowing economy, Bethlehem does not anticipate substantial nonresidential construction during COAH's third round period.

Pursuant to the Highlands RMP Adjusted Growth Projections, Bethlehem Township anticipates that it will add 8 jobs between 2004 and 2018. The Township has the capacity to meet this projection during the third round period.

## **CAPACITY FOR GROWTH**

To assess if Bethlehem Township has the capacity to meet the Highlands RMP Adjusted Growth Projections, the Township analyzed projected residential and non-residential growth through assessing development under construction, approved development and pending applications. The Township also looked at potential for future growth based on historic trends and whether the development would be consistent with the Highlands RMP.

The analysis confirmed that the Township has the capacity to meet the Highlands RMP Adjusted Growth Projections of 53 housing units and 8 jobs. The Township's ability to address the Highlands RMP Adjusted Growth Share Obligation is dependent on its participation in the Regional Affordable Housing Development Partnership Program. The Township has only 125 acres in the Highlands Planning Area available for development, and the majority of that is active farmland. Additionally, the available 125 acres is in the Highlands environmentally constrained subzone and is without public water and sewer.

### **Availability of Existing and Planned Infrastructure**

While the Township has the capacity to meet the Highlands RMP Adjusted Growth Projections, additional development beyond the Highlands RMP Adjusted Growth Projections is minimized by Bethlehem Township's lack of sewer and water infrastructure. Only one parcel in the Township has access to public water, and it is already developed with a water tower. There is no sewer service within Bethlehem. Although the Township continues to explore financially feasible and environmentally responsible options for meeting the Township's current and future need, future growth is contingent on the ability to use on-site water and waste-water treatment options.

### **Anticipated Land Use Patterns**

Anticipated land use patterns range from the addition of accessory apartments to low density residential development within the Highlands Planning Area in the Township. Additionally, the Township anticipates very limited growth in office space, which is consistent with the Highlands RMP Adjusted Growth Projections. The Township's future land use patterns will be guided by the Highlands RMP and will be consistent with the projections based on the Highlands RMP build-out analysis completed for Module 2 of Highlands RMP Plan Conformance.

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### **Township Economic Development Policies**

Bethlehem Township's economic development policies encourage business retention. The Township has encouraged economic development which comports with sound planning principles by providing zoning districts along Brunswick Pike and West Portal – Asbury Road that permit a variety of non-residential land uses, including general commercial uses, research, office, and manufacturing uses. Additionally, a portion of the Township is zoned Agricultural Residential, which supports the development of the agricultural industry.

### **Constraints on Development**

Bethlehem Township is located entirely within the jurisdiction of the Highlands Council, with 91% (12,173 acres) of its total land area in the Highlands Preservation Area and 9% (1,137 acres) in the Highlands Planning Area. Bethlehem has expressed its intent to conform to the Highlands RMP, which will impact the level of residential and non-residential development in the Township. Bethlehem's conformance with the RMP will not affect its ability to meet the Highlands RMP Adjusted Growth Projections. Moreover, Bethlehem Township's conformance with the RMP will not impede the Township's ability to meet its Highlands RMP Adjusted Growth Share Obligation, as the Township will rely on converting existing market-rate units into affordable units. Additionally, the Township has applied to participate in the Regional Affordable Housing Development Partnership Program.

There are no known federal regulations that would hinder the development projected as part of the Township's adopted third round housing element and fair share plan. However, the Township is home to three historic districts that are listed on the State Register of Historic Places. They are the Asbury Historic District, the Lehigh Valley Railroad Historic District, and the Central Railroad of New Jersey Main Line Corridor Historic District. The Asbury Historic District is on both the State and the National Register of Historic Places. All development that occurs within the historic district will be required to conform to the State Historical Preservation Office's process and guidelines.

According to the Township's Master Plan, there do not appear to be any constraints on development related to land ownership issues, i.e., the necessity to consolidate lots, small lots sizes, or isolated lot development. Thus, existing land ownership patterns in Bethlehem Township have been taken into account in the anticipated growth as detailed in the Township's plan.



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Bethlehem has a wealth of environmentally sensitive features, which decrease the amount of land suitable for development in the Township. Five Category 1 Waterways traverse Bethlehem Township, including West Portal Creek, Turkey Hill Brook, Spruce Run, Mulhockaway Creek, and Black Brook. Wetlands impact approximately 621 acres in the Township, and an additional 307 are located in the 100 year flood plain. As was noted above, 91% of the Bethlehem's total land area is within the Highlands Preservation Area. The Township took environmental constraints into account in analyzing the projected residential and non-residential growth throughout the third round. To ensure that development does not adversely impact environmentally sensitive features, the Township will rely on local, county and state review of applications for development.

According to NJ DEP data, there are no known contaminated sites in the Township's borders.

The Township's Master Plan, Land Use Ordinance and existing land review procedures provide the measures to address the development constraints noted above, as set forth at N.J.A.C. 5:97-3.13(b), and others as further land use regulations evolve.



### **CONSIDERATION OF LANDS APPROPRIATE FOR AFFORDABLE HOUSING**

Bethlehem Township has limited developable land that is appropriate for affordable housing. As was noted above, the Township is home to a wealth of natural resources that require protection, including expansive agricultural lands, wetlands, trout streams, potable water reservoirs, aquifers, rivers, stream corridors, unique natural systems and habitats of threatened and endangered species. Furthermore, approximately 91% of the entire municipality is located in the Highlands Preservation Area, with the remaining 9% in the Highlands Planning Area. The restrictions of the Highlands RMP serve to limit development on land that is located outside of the Highlands existing community zone in the Planning Area.

As part of this housing element, Bethlehem Township considered land in the Highlands Planning Area that was appropriate for the construction of low and moderate income housing. As was noted above, only 125 acres of land in the Highlands Planning Area is available for development, and the majority of that is currently being farmed. The Township also does not have water and sewer service, which significantly constrains the opportunities for inclusionary housing. The Township will rely on the Regional Affordable Housing Development Partnership Program and the market to affordable program to meet its Highlands RMP Adjusted Growth Share Obligation.



### **RELATIONSHIP TO HIGHLANDS RMP**

On December 8, 2009, Bethlehem Township submitted its petition for Highlands RMP Plan Conformance. As part of Module 3, the Township expressed its interest in sending a portion of its affordable housing obligation to a receiving community in the Highlands RAHDPP program.

On April 23, 2010, Eileen Swan, the Executive Director of the Highlands Council, issued correspondence regarding its preliminary review of the Township's draft Housing Element and Fair Share Plan. According to the letter, the Township's housing element and fair share plan must include a condition that the units created under the accessory apartment program will consistent with the Highlands RMP. Bethlehem intends to conform with the Highlands RMP and will ensure that units created through the accessory apartment program are consistent with the RMP. Additionally, the correspondence required that the Township incorporate the goals and objectives of the Highlands model housing element and fair share plan. The Township has evaluated the goals and objectives of the Highlands RMP and has incorporated them into the housing element and fair share plan as consistent with the Bethlehem's Highlands Initial Assessment.

To date, Bethlehem has not received correspondence from the Highlands Council with regard to its priority status in RAHDPP. The Township will continue to coordinate with the Highlands Council to ensure that the Township's affordable housing mechanisms are consistent with the Highlands RMP.

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### **BETHLEHEM TOWNSHIP'S AFFORDABLE HOUSING OBLIGATION**

Bethlehem Township's third round housing element and fair share plan has been prepared to the extent necessary to address the Township's revised affordable housing obligation, while at the same time proposing to comply with the Highlands Area density and resource constraints or to mitigate any Highlands development issues and the referenced changes to the Fair Housing Act.

COAH's third round methodology includes the rehabilitation obligation, the prior round obligation and the third round obligation. The Appendices to COAH's substantive rules, N.J.A.C. 5:97 et seq., provide each municipality's rehabilitation share and prior round obligation. Bethlehem Township's third round growth share obligation is based on Highlands Workbook D, which is included in the Fair Share Plan Appendices. Bethlehem Township's third round obligation can be summarized as follows:

Rehabilitation Obligation:	5
Prior Round Obligation:	42
Third Round Obligation:	11 (based on the Highlands RMP Adjusted Growth Projections, see descriptions below)

#### **REHABILITATION OBLIGATION**

The rehabilitation obligation is defined as the number of deficient housing units occupied by low and moderate income households within a municipality (N.J.A.C. 5:97-1.4). COAH calculates this figure using indices such as overcrowding of units constructed prior to 1950, incomplete kitchen facilities, incomplete plumbing facilities and the estimated number of low and moderate income households in the municipality. COAH has calculated Bethlehem Township's rehabilitation obligation to be 5 units. See Table 21, Calculation of the Rehabilitation Obligation, for additional information.

Table 21. Calculation of the Rehabilitation Obligation

Overcrowding of units constructed prior to 1950	0
Incomplete plumbing facilities	+ 7
Incomplete kitchen facilities	+ 0
Low and moderate income share	*0.691
Rehabilitation share credit	- 0
<i>Rehabilitation Obligation</i>	<i>5 units</i>

Source: Appendix B to N.J.A.C. 5:97

#### PRIOR ROUND OBLIGATION

The prior round obligation can be defined as the cumulative 1987 through 1999 affordable housing obligation (N.J.A.C. 5:97-1.4). This time period corresponds to the first and second rounds of affordable housing. COAH has calculated Bethlehem's prior round obligation to be 42 units (Appendix C. to N.J.A.C. 5:97).

#### THIRD ROUND OBLIGATION

COAH has taken a very different approach to calculating third round affordable housing obligations. The COAH third round obligation is initially based solely on COAH's household and job projections for each municipality during the third round. For every five households, or units, projected during the third round, one affordable housing unit must be provided. For every 16 jobs projected, the Township must provide one affordable housing unit.

Municipalities within the Highlands that are conforming with the RMP are required to use the aforementioned affordable housing ratios; however, they may elect to utilize either COAH's household and employment projections or they may rely on COAH's August 12, 2009 resolution granting a waiver to permit Highlands municipalities to use the Highlands RMP Adjusted Growth Projections. Bethlehem Township has elected to utilize the Highlands RMP Adjusted Growth Projections as the basis for its affordable housing obligation.

Rather than utilizing the household and employment projections delineated in Appendix F of COAH's substantive rules, Bethlehem Township may utilize Highlands Workbook D to calculate its Highlands RMP Adjusted Growth Projection. The Highlands RMP Adjusted Growth Projection is based on the following two components:

- Township's actual growth share between January 1, 2004 and December 31, 2008; and
- Growth share obligation based on the results of the Highlands Build-Out analysis developed as Modules 1 and 2 of the RMP Conformance Process.

To determine the growth share obligation, the following ratios must be applied to actual growth between January 1, 2004 and December 31, 2008 and the projections:

- For residential development, the affordable housing ratio is 1 affordable unit for every 4 market rate residential units. **The Highlands Council presumes the necessary affordable housing units are included in the projections;** thus, the Township must divide the combined total housing units by 5 to determine the residential growth share obligation;
- For non-residential development, the affordable housing ratio is 1 affordable unit for every 16 new jobs created as expressed in new floor area of non-residential space issued a certificate of occupancy between January 1, 2004 through December 31, 2008. The Highlands Council's build out analysis does not project the floor area of non-residential development and instead projects the number of jobs that are able to be created. Bethlehem Township is to apply the 1 in 16 affordable housing ratio to the jobs projected as the results of the Module 2 build out analysis. See Table 22. Non-residential Actual Growth Share Calculation for additional detail on how the affordable housing obligation generated by actual non-residential growth is calculated.

Table 22. Non-residential Actual Growth Share Calculation

Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
B	Office buildings	5,714	2.8
M	Mercantile uses	9,412	1.7
F	Factories where people make, process, or assemble products	13,333	1.2
S	Storage uses, excluding parking garages	16,000	1.0
H	High hazard manufacturing, processing, generation and storage uses	10,000	1.6
A1	Assembly uses, including concert halls and TV studios	10,000	1.6
A2	Assembly uses, including casinos, night clubs, restaurants and taverns	5,000	3.2
A3	Assembly uses, including libraries, lecture halls, arcades, galleries, bowling alleys, funeral parlors, gymnasiums and museums but excluding houses of worship	10,000	1.6
A4	Assembly uses, including arenas, skating rinks and pools	4,706	3.4
A5	Assembly uses, including bleachers, grandstands, amusement park structures and stadiums	6,154	2.6
E	Schools K - 12	Exclude	Exclude
I	Institutional uses such as hospitals, nursing homes, assisted living facilities and jails. I group includes I1, I2, I3 and I4.	6,154	2.6
R1	Hotels and motels; continuing care facilities classified as R2	9,412	1.7

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Use Group	Description	Square Feet Generating One Affordable Unit	Jobs Per 1,000 Square Feet
U	Miscellaneous uses, including fences tanks, barns, agricultural buildings, sheds, greenhouses, etc.	Exclude	Exclude

Bethlehem Township utilized Highlands Workbook D to calculate the "Adjusted Growth Share Projection Based on Land Capacity". The first portion of this calculation is the "Growth Projection Adjustment – Actual Growth" based on the certificates of occupancy that have been issued from January 1, 2004 through December 31, 2008 and the second portion is the Highlands RMP Build-out Analysis conducted under Module 2 of the Highlands RMP conformance process and brought forward to the Module 3. Similar to the calculation under COAH's substantive rules, the Township is permitted to exclude affordable and market rate units associated with prior round inclusionary activity under the Highlands RMP Adjusted Growth Share Projection methodology. The Township does not have an eligible exclusion.

According to the Highlands Workbook D for Bethlehem Township, the Township's third round obligation based on the Highlands RMP Adjusted Growth Projection is 11 units. Table 23, Calculation of the Highlands RMP Adjusted Growth Share, summarizes the derivation of the Highlands RMP Adjusted Growth Share Obligation. Highlands Workbook D, which is included in the Fair Share Appendices provides further detail.

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Table 23. Calculation of Highlands RMP Adjusted Growth Share

Residential	
Actual Residential Growth (Units) (2004-2008)	21
RMP Residential Build-out (Units)	+ 33
Permitted COAH Exclusions	
None	0
Total	- 0
Units Creating Growth Share	54
Residential Growth Share ( $\div 5$ )	10.8
Nonresidential	
Actual Non-Residential Growth (Jobs)(2004-2008)	8
RMP Non-Residential Build-out (Jobs)	+ 0
Permitted COAH Exclusions	
None	0
Total	-0
Jobs Creating Growth Share	8
Nonresidential Growth Share ( $\div 16$ )	0.49
<b>Total Third Round Obligation</b>	<b>11.29</b>

## **BETHLEHEM TOWNSHIP'S AFFORDABLE HOUSING PLAN**

### **SATISFACTION OF THE REHABILITATION OBLIGATION**

Bethlehem Township will meet its 5-unit rehabilitation obligation through Hunterdon County's housing rehabilitation program, a combination of the County program and a Township sponsored rental rehabilitation program, or a Township sponsored rehabilitation program that is open to both owner-occupied and renter-occupied units.

Bethlehem Township's rehabilitation program will adhere to regulations in N.J.A.C. 5:97-6.2. Specifically, all rehabilitated units will comply with the definition of a deficient unit in N.J.A.C. 5:97-1.4, which states, "a housing unit with health and safety code violations that require the repair or replacement of a major system." Major systems include weatherization, roofing, plumbing, heating, electricity, sanitary plumbing, lead paint abatement and/or load bearing structural systems. All rehabilitated units shall be occupied by low or moderate income households and upon completion of the rehabilitation, ten (10) year affordability controls shall be placed on the property in the form of a lien or deed restriction.

Rehabilitations shall have an average hard cost of \$10,000. Initially, Bethlehem Township will attempt to work out an arrangement with Hunterdon County so as to access County funds for the rehabilitation program. Bethlehem Township will provide funding from the Township's affordable housing trust fund necessary to supplement the costs to satisfy the 5-unit rehabilitation obligation. Furthermore, Bethlehem will see that funding for a minimum of three rehabilitations (at least half of the obligation) is available by 2014 – the midpoint of the compliance period.

### **SATISFACTION OF THE PRIOR ROUND OBLIGATION**

Bethlehem Township's prior round obligation (1987-1999) is 42 units. COAH permits new construction credits and bonuses addressing a first or second round affordable housing obligation to be used to address the prior round obligation.

For the prior round obligation, COAH requires that the Township establish the maximum number of age-restricted affordable units, the minimum number of affordable rental units and the maximum number of RCA units using the formulas below.

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Minimum Rental Obligation = 11 units

.25 (Prior Round Obligation-prior cycle credits) = .25 (42 - 0) = 11, rounded up

- A rental unit available to the general public receives one rental bonus;
- An age-restricted unit receives a 0.33 rental bonus, but no more than 50 percent of the rental obligation shall receive a bonus for age-restricted units; and
- No rental bonus is granted in excess of the prior round rental obligation.

▪ Maximum Number of Age Restricted units = 9 units

.25 (Prior Round Obligation + Rehabilitation Share - Prior Cycle Credits - Rehabilitation Credits - Transferred RCAs) = .25 (42 + 5 - 0 - 0 - 9) = 9, rounded down

▪ Maximum Number of Regional Contribution Agreement (previously approved) = 23 units\*

.50(Prior Round Obligation + Rehabilitation Share - Prior Cycle Credits - Rehabilitation Credits) = .50 (42 + 5 - 0 - 0) = 23, rounded down

\*Pursuant to the Roberts Bill (P.L. 2008, c. 46), Bethlehem Township is precluded from entering into additional RCAs beyond the initial 9-unit RCA previously transferred to New Brunswick.

As summarized in Table 24, Existing Credits/Bonuses Addressing Prior Round Obligation, the Township has addressed its 42-unit prior round obligation with an accessory apartment program, a completed RCA, three proposed group homes, and eligible prior round rental bonuses.

Table 24. Existing Credits/Bonuses Addressing Prior Round Obligation

Bethlehem Township's Prior Round Compliance Mechanisms	2010 Plan (prior round = 42)
RCAs with New Brunswick	9
Accessory Apartment Program	10
Special Needs Housing/Group Homes	12
Rental Bonuses	
Special Needs Housing/Group Homes (1.0 x 11)	11
<b>Total</b>	<b>42</b>

### Regional Contribution Agreement (RCA)

Bethlehem Township entered into an RCA with the City of New Brunswick to transfer funds for 9 affordable housing units. Bethlehem transferred a total of \$180,000 to the City of New Brunswick, sending the final payment in 2004. The 9 rehab units in New Brunswick funded by the Bethlehem RCA received final inspections between May 2005 and October 2005.

### Accessory Apartment Program

In 2001, Bethlehem Township received second round substantive certification which included a 10-unit accessory apartment program. The Township amended its zoning ordinance to permit accessory apartments in the R-II/2 Single Family Residential District, the AR Agricultural Residential District, and the MR Mountain Residential District. The previously certified program included a \$10,000 subsidy and was administered by Hunterdon County Housing Corporation (HCHC).

Bethlehem Township will continue to rely upon this program to satisfy a portion of the prior round obligation; however, the Township will improve the program's marketing to residents and will more than double the current subsidy to attract new participants. The housing stock remains appropriate for an accessory apartment program due to the large size of the housing structures (over 89% of the housing stock has 6 or more rooms). Also, given the rural character of the Township and the absence of any public sewer system, the use of accessory apartments to meet the Township's fair share obligation is

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an appropriate approach to satisfying a portion of the Township's affordable housing obligation.

All accessory apartments will be supported by septic systems and private wells since no residential lands in the Township are served by public water or sewer. The Township's program will comply with all regulations in N.J.A.C. 5:97-6.8, including but not limited to 10 year affordability controls and subsidies in the amount of \$20,000 for a moderate income unit and \$25,000 for a low income unit. The program will be administered by the Township's Administrative Agent. All of the accessory apartments created through the program will meet Highlands RMP site consistency standards.

This program will provide the Township a total of 10 credits toward the prior round obligation. Pursuant to N.J.A.C. 5:97-3.5(a), rental units addressing the prior round rental obligation that do not have 30 year affordability controls are not eligible for rental bonus credits.

### **Supportive and Special Needs Housing**

Bethlehem Township will address 12 units of its prior round obligation with the development of three group homes on a Township-owned property known as the Vliet-Bird property. The proposed group homes will be located on Block 26, Lot 2 on Route 173. The group homes will each have four bedrooms, for a total of 12 bedrooms. In the Township's 2001 substantive certification, COAH granted the Township 12 credits and associated rental bonuses for the proposed group homes.

The Township previously entered a Memorandum of Understanding with ARC of Hunterdon to construct the three group homes. On September 11, 2006, the Township granted the ARC application subdivision approval and preliminary and final site plan approval. In May 2007, the Planning Board granted an extension of the approvals in accordance with N.J.S.A. 40:55D-47. On March 19, 2010, the Highlands Council issued correspondence finding that the proposed group homes qualified for an exemption from the Highlands Rules under N.J.A.C. 7:38-2.3(a). (See the Fair Share Plan Appendices for the letter). The letter stated that the group home qualified for the exemption for:

*"construction of a single-family dwelling, for an individual's own use or the use of an immediate family member on a lot owned by the individual on August 10, 2004 or under contract on or before May 17, 2004."*

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The March 19, 2010 correspondence from the Highlands Council also found that the project was consistent with the Statewide Water Quality Management Planning Rules at N.J.A.C. 7:15.

Recently, the Township learned that the delay associated with obtaining DEP approvals and the Highlands exemptions led ARC to withdraw its resources from the project. Despite this minor setback, the Township is committed to this project. Bethlehem will issue a request for proposal for a new group home provider. The three group homes remain a certified affordable housing compliance mechanism, and Bethlehem is eligible to claim 12 credits and 11 corresponding prior round rental bonuses for the proposed development.

#### **Prior Round Rental Component/Rental Bonuses**

As was noted above, Bethlehem Township addressed the 11-unit prior round rental component with two accessory apartments and 12 bedrooms in three proposed group homes. Pursuant to N.J.A.C. 5:97-3.5(a), 11 of the 12 bedrooms in the three proposed group homes are eligible for prior round rental bonuses.

#### **SATISFACTION OF THE THIRD ROUND OBLIGATION**

Bethlehem Township's third round obligation, pursuant to the Highlands RMP Adjusted Growth Projection is 11 units. Although the provision of affordable housing shall be based on the issuance of permanent certificates of occupancy for new residential units and new non-residential floor area, Bethlehem Township's third round plan has been prepared to initially address the 11-unit Highlands RMP adjusted growth share obligation.

In addition to satisfying its 11-unit third round obligation, the Township must also adhere to COAH's third round rules regarding a minimum number of total family units, minimum rental obligation, minimum number of family rental units, maximum number of age-restricted units, maximum number of bonuses and minimum number of very low income units.

- Minimum Family Obligation = 6 units  
 $.50(\text{third round obligation} - \text{proposed bonuses}) = .50(11 - 0) = 6$ , must round up

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- Minimum Rental Obligation = 3 units  
 $.25$  (third round obligation) =  $.25$  (11) = 3, must round up
- Minimum Family Rental Obligation = 2 units  
 $.50$ (third round minimum rental obligation) =  $.5(3) = 2$
- Maximum Age-restricted or Senior Units = 2 units  
 $.25$  (third round obligation) =  $.25$  (11) = 2, must round down
- Maximum Bonuses = 2 bonuses  
 $.25$  (third round obligation) =  $.25$  (11) = 2, must round down
- Minimum Very Low Income Units = 2 units  
 $0.13$ (third round obligation – proposed third round bonuses) =  $.13(11 - 0) = 2$ , must round up  
 \*P.L.2008, c.46 amended the Fair Housing Act to require 13% of all new affordable units to be reserved for very low income households.

As summarized in Table 25, Proposed Third Round Compliance Mechanisms, the Township proposes to address its 11-unit third round adjusted growth share obligation with a six-unit market-to-affordable program and a five unit transfer through the Highlands RAHDPP program.

Table 25. Compliance Mechanisms Addressing the Growth Share Obligation

Bethlehem Township's Proposed Third Round Compliance Mechanisms	2010 Plan (Highlands Growth Share = 11)
Market-to-affordable Program	
Family Rental Units	3
Family Sale Units	3
Highlands RAHDPP	5
<b>Total</b>	<b>11</b>

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### Market-to-affordable Program

The Township will administer a six-unit market to affordable program, which will include three family rental units and three family sale units. The Township will target existing homes that are for sale and/or are in the process of being foreclosed upon. There are sufficient units in the Township to support the six-unit program. In Bethlehem, six units sold in the first quarter of 2010. The median sale price in the Township during that period was \$330,000 and the average sale price of the units was \$355,000. See the Fair Share Plan Appendices for a listing of the units that recently sold in Bethlehem Township.

Pursuant to N.J.A.C. 5:97-6.9(b), the Township will provide a minimum subsidy of \$25,000 for each moderate income unit and \$30,000 for each low income unit. However, based on an analysis of recent home sales, the Township anticipates that it will have to provide a larger subsidy in order to bring the sales prices and rents down to an affordable level. See the Fair Share Plan Appendices for a pro forma for the market-to-affordable program.

All units will be certified to be in sound condition through an inspection by a licensed building inspector. All units created through this program shall be marketed and administered by the Township's Administrative Agent. All units will have 30 year affordability controls and will be in compliance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26, with the exception that these affordable units shall be exempt from bedroom distribution requirements. The Township will fund this program with monies from the Affordable Housing Trust Fund and will also be seeking outside sources of funding.

Each of the six units in this program will contribute one credit toward the third round obligation. Additionally, the three rental units will be used to satisfy the rental obligation. The program will also satisfy a portion of the family obligation, including the family rental obligation.

The market to affordable program is in compliance with COAH's third round rules at N.J.A.C. 5:97-6.9. The information below addresses how the program meets COAH's requirements.

- ✓ Sufficient Market-Rate Units – There are sufficient for-sale market-rate housing units in the Township to make the 6-unit market to affordable program viable. As was noted above, six units in Bethlehem Township sold

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in the first quarter of 2010. An additional ten are under contract. For the proposed rental and sale market-to-affordable program, the Township will acquire approximately one unit per year over the third round period, beginning in 2010.

- ✓ Sound Condition – Each unit will be certified to be in sound condition by the Township's licensed building inspector prior to occupancy as an affordable unit.
- ✓ Minimum Subsidy – The Township will provide a minimum subsidy of \$25,000 per moderately priced unit and \$30,000 for low income rental units. The Township will supplement the subsidy with additional resources so as to ensure that the units meet the affordability standards established in the UHAC. Bethlehem will seek funding for the market to affordable program from sources including, but not limited to, the Hunterdon County HOME program, the State's Balanced Housing program, development fees, and payments in-lieu of construction. If there are insufficient funds for the program, the Township will adopt a resolution of intent to bond to finance the program. See the Fair Share Plan Appendices for a pro forma for the market-to-affordable program.
- ✓ Affirmative Marketing – The marketing of the program will adhere to the Township's affirmative marketing program, as outlined in the Township's Fair Share Ordinance.
- ✓ Program Administration - The market to affordable program will be administered by an experienced affordable housing administrator. The affordable units will have 30-year affordability controls and will be affirmatively marketed. The administrator will income-qualify applicants and will provide long-term administration of the units in accordance with COAH's rules at N.J.A.C. 5:97 et seq. and the UHAC per N.J.A.C. 5:80-26.
  - Maintain an up-to-date inventory of units that meet the requirements of a buy-down program;
  - Qualify and place income eligible households in low and moderate income units upon initial occupancy;
  - Place income eligible households in low and moderate income units as they become available during the minimum 30-year term of affordability controls;

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- Enforce the terms of the deed restriction and mortgage lien;
  - The Township will retain ownership of the units purchased for the market to affordable rental program.
- 
- ✓ Low/Moderate-Income Split – The market to affordable sales program will be established for moderate income households. The market to affordable rental program will be established for low income households, with at least two units being affordable to very low income households.
  - ✓ Affordability Average – The moderate income prices of the market to affordable sales program will be established at two different prices either 55% or 65% of median income to attract the widest applicant pool of moderate income households. The low income rents of the market to affordable rental program will be established at no more than 44% of median income for low income households per N.J.A.C. 5:97-6.9(c)3, with at least two units being affordable to very low income households at 30% of the median income.
  - ✓ Bedroom Distribution – The units will be exempt from the bedroom distribution requirements of COAH's rules pursuant to N.J.A.C. 5:97-6.9(c)1.

#### Highlands Council RAHDPP

Bethlehem Township will fulfill five units of its Highlands RMP Adjusted Growth Share Obligation through participation in the RAHDPP program as a sending municipality. The Township will transfer five units at the established minimum per unit transfer amount for the receiving municipality's housing region consistent with COAH's Regional Affordable Housing Development Planning Program Guidelines (RAHDPP Guidelines). The per unit transfer amount ranges from \$67,000 to \$80,000.

The Township will adhere to the schedule outlined by COAH's RAHDPP Guidelines in relation to the transfer. Pursuant with COAH's RAHDPP Guidelines, Bethlehem Township included its intent to participate in the RAHDPP program as a sending municipality in its December 8, 2009 and March 1, 2010 submission to the Highlands Council. The Highlands Council is implementing a priority system to determine which municipalities are eligible to serve as sending communities. To date the Highlands Council has not determined which municipalities have received priority status. With

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91% of its total land area in the Highlands Preservation Area, Bethlehem Township anticipates receiving priority status. The Township will submit a statement of intent from the identified receiving municipality no later than 90 days from the date that the Township receives notification of its priority status. The Township will also submit a draft contractual agreement to COAH and the Highlands Council that will include the receiving municipality, the number of units to be transferred, the type of housing activity anticipated by the receiving municipality, and the amount of compensation to be paid for the transfer.

#### **Very Low Income Units**

Pursuant to the amendments to the Fair Housing Act, P.L. 2008, c.46, municipalities must provide very low income units equal to 13% of provided affordable units. Bethlehem Township will satisfy its two-unit minimum very low income requirement with two very-low income affordable family rental units from the market-to-affordable program.

#### **Affordable Units Meeting the Third Round Obligation**

Bethlehem has met its 11-unit adjusted third round obligation through a market-to-affordable program and an RAHDPP.

- The six-unit minimum family obligation has been satisfied with the six-unit market-to-affordable program.
- The three-unit minimum rental obligation has been satisfied with three affordable family rental units created by the market-to-affordable program.
- The two-unit minimum family rental obligation has been satisfied with three affordable family rental units through the market-to-affordable program.
- The Township's plan does not include any age restricted units.
- The Township did not request any third round rental bonuses.
- The Township has met the two-unit very low income requirement with two family rental units in the market-to-affordable program.

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Table 26. Affordable Units Addressing the 11-Unit Third Round Growth Share Obligation

Bethlehem Township Third Round Compliance Mechanisms	Family	Rental	Senior	Units	Rental Bonuses	Total Credits
Market-to-Affordable Program						
Sale Program	X			3	0	3
Rental Program	X	X		3	0	3
RAHDPP Program				5	0	5
Total				11	0	11

## **SUMMARY AND IMPLEMENTATION SCHEDULE**

Bethlehem Township will meet its five-unit rehabilitation obligation through a County-sponsored or Township-sponsored rehabilitation program that will accommodate both owner-occupied and renter-occupied units. The Township addressed its 42-unit prior round obligation with an accessory apartment program, transferred RCAs, proposed group homes, and corresponding rental bonuses. Bethlehem will meet its 11-unit adjusted third round growth share obligation with a market-to-affordable program and a five-unit RAHDPP.

The Township will satisfy its five-unit rehabilitation obligation through an eligible rehabilitation program that is operated either by the County or by the Township. As discussed, Bethlehem Township will provide sufficient dollars to fund no less than half (three) of the municipal rehabilitation component by the middle of the period of repose, 2014.

Bethlehem Township will address a portion of its prior round obligation with a ten-unit accessory apartment program, a transferred RCA, and three proposed group homes that were previously certified by COAH. The Township will address its third round obligation with a six-unit market-to-affordable program and a five-unit RAHDPP. Bethlehem Township anticipates, based on the balance of the prior round and on actual and projected growth, that approximately 21 affordable units will be needed at the time of the first plan evaluation, pursuant to N.J.A.C. 5:96-10.1. Table 27, Implementation Schedule, outlines the Township's timeline for meeting its remaining prior round and third round cumulative fair share obligation. As shown on Table 27, the Township anticipates that it will provide a minimum of 21 affordable units by 2013 (earliest initial growth share evaluation) through the accessory apartment program, proposed group homes, and market-to-affordable program.

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Table 27. Implementation Schedule

Program	Existing Units	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Units
Rehab. Program	0	0	0	0	0	1	1	1	1	1	5
Total	0	0	0	0	0	1	1	1	1	1	5
Accessory Apartments	0	0	1	1	1	1	1	2	2	1	10
Proposed Group Homes	0	0	0	0	12	0	0	0	0	0	12
Market-to-affordable Program (Family Rental)	0	0	0	0	1	0	1	0	1	0	3
Market-to-affordable Program (Family Sale)	0	0	0	0	0	1	0	1	0	1	3
RAHDPP	0	0	0	0	5	0	0	0	0	0	5
<b>Total Units/Bonuses</b>	0	0	1	1	19	2	2	3	3	2	33

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### **COST GENERATION**

Bethlehem Township's Land Development Ordinance has been reviewed to eliminate unnecessary cost generating standards; it provides for expediting the review of development applications containing affordable housing. Such expedition may consist of, but is not limited to, scheduling of pre-application conferences and special monthly public hearings. Furthermore, development applications containing affordable housing shall be reviewed for consistency with the Land Development Ordinance, Residential Site Improvement Standards (N.J.A.C. 5:21-1 et seq) and the mandate of the Fair Housing Act regarding unnecessary cost generating features. Bethlehem Township shall comply with COAH's requirements for unnecessary cost generating requirements, N.J.A.C. 5:97-10.2, procedures for development applications containing affordable housing, N.J.A.C. 5:97-10.3, and requirements for special studies and escrow accounts where an application contains affordable housing, N.J.A.C. 5:97-10.4.



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### **MONITORING**

In accordance with COAH's rules at N.J.A.C. 5:96-11, Bethlehem Township shall complete the annual monitoring reports of the Affordable Housing Trust Fund and of the affordable housing units and programs. Furthermore, the Township will assist the Court with the biennial plan evaluation, pursuant to N.J.A.C. 5:96-10, where the actual growth of housing units and jobs is compared to the provision of affordable housing beginning two years from receipt of its judgment of repose. If upon biennial review, the difference between the number of affordable units constructed or provided in the Township and the number of units required pursuant to N.J.A.C. 5:97-2.4 results in a pro-rated production shortage of 10 percent or greater, the Township is not adhering to its implementation schedule pursuant to N.J.A.C. 5:97- 3.2(a)4, or the mechanisms addressing the projected growth share obligation no longer present a realistic opportunity for the creation of affordable housing, the Township may be required by the Court to amend its plan in conformance with N.J.A.C. 5:96-14 to address the affordable housing obligation set forth in N.J.A.C. 5:97-2.5.

## **AFFORDABLE HOUSING ORDINANCE AND AFFIRMATIVE MARKETING**

Bethlehem Township has prepared an Affirmative Marketing and Affordable Housing Ordinance in accordance with COAH's substantive rules, N.J.A.C. 5:97-9, and UHAC at N.J.A.C. 5:80-26. The Township's Affordable Housing Ordinance will govern the establishment of affordable units in the Township as well as regulating the occupancy of such units. The Affordable Housing Ordinance covers the phasing of affordable units, the low/moderate income split, very low income units, bedroom distribution, occupancy standards, affordability controls, establishing rents and prices, affirmative marketing, income qualification, etc. (See the Fair Share Plan Appendices for the draft affordable housing ordinance).

To conduct affirmative marketing and monitoring of affordable units, the Township will enter into a contract with an experienced housing provider and administrator for future affordable housing units.

The affirmative marketing plan is designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to the affordable units located in the Township. Additionally, the affirmative marketing plan is intended to target those potentially eligible persons who are least likely to apply for affordable units and who reside or work in Housing Region #3, consisting of Hunterdon, Middlesex and Somerset Counties.

The affirmative marketing plan includes regulations for qualification of income eligibility, price and rent restrictions, bedroom distribution, affordability control periods, and unit marketing in accordance to N.J.A.C. 5:80-26. All newly created affordable units will comply with the thirty-year affordability control required by UHAC, N.J.A.C. 5:80-26-5 and 5:80-26-11. This plan must be adhered to by all private, non-profit or municipal developers of affordable housing units and must cover the period of deed restriction or affordability controls on each affordable unit. The costs of implementing the affirmative marketing plan (i.e., the costs of advertising the affordable units, etc.) are the responsibilities of the developers of the affordable units. This requirement is included in the Township's Affordable Housing Ordinance and shall be a condition of any municipal development approval.

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### **AFFORDABLE HOUSING TRUST FUND**

The Township has collected affordable housing development fees since 1999 when COAH approved the Township's first development fee ordinance. The Township's current development fee ordinance provides for residential development fees in the amount of 0.5% and nonresidential development fees in the amount of 1.0%. The Township proposes to amend the development fee ordinance to be consistent with amendments to the Fair Housing Act ({P.L. 2008, c.46}), which established a state-wide non-residential development fee equal to 2.5% of the equalized assessed value of new non-residential construction.

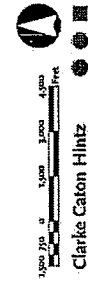
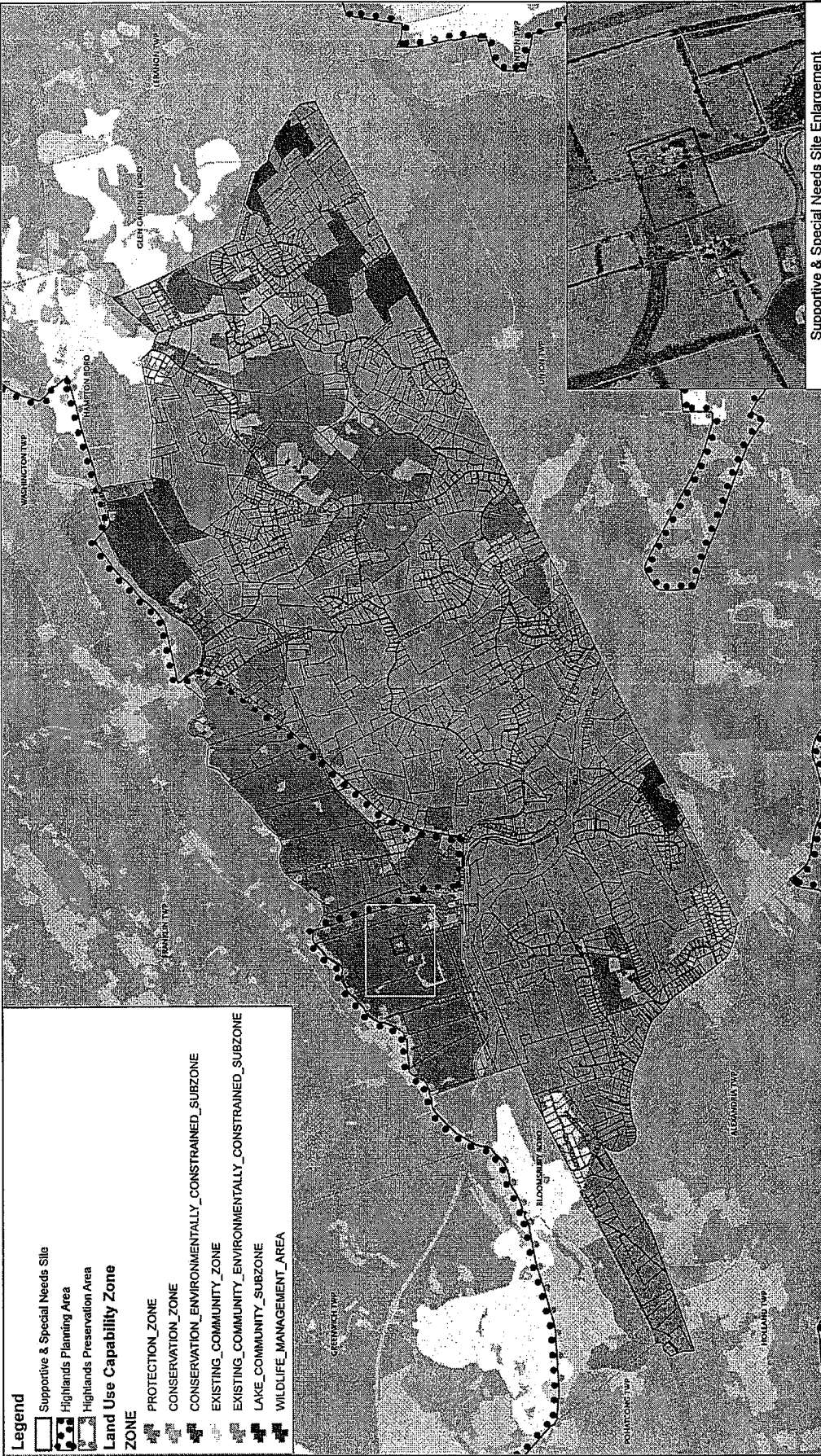
The Township's spending plan, which discusses anticipated revenues, collection of revenues, and the use of revenues, was prepared in accordance to N.J.A.C. 5:97-8.10 (See the Fair Share Plan Appendices for the Spending Plan). Collected revenues will be placed in the Township's Affordable Housing Trust fund and will be dispensed for the use of affordable housing activities. Pursuant to the Township's plan, Bethlehem Township may use the funds in the trust fund for the below listed items, pursuant to N.J.A.C. 5:97-8.7(a):

- Rehabilitation program;
- New construction of affordable housing units and related development costs;
- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites;
- Acquisition and/or improvement of land to be used for affordable housing;
- Purchase of existing market rate or affordable housing for the purpose of maintaining or implementing affordability controls, such as in the event of foreclosure;
- Green building strategies designed to be cost-saving for low- and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing units;
- Maintenance and repair of affordable housing units;
- Repayment of municipal bonds issued to finance low- and moderate-income housing activity; and
- Any other activity as specified in the approved spending plan.
- Affordability assistance.

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At least 30% of collected development fees, excluding expenditures made from the inception of the fund to June 2, 2008 on all new construction, previously funded RCAs and rehabilitation activities, may be used to provide affordability assistance to low- and moderate-income households in affordable units included in a municipal Fair Share Plan. Additionally, no more than 20% of the revenues collected from development fees each year, exclusive of the fees used to fund an RCA, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a rehabilitation program, a new construction program, a housing element and fair share plan, and/or an affirmative marketing program.

Bethlehem Township intends to spend development fee revenues pursuant to N.J.A.C. 5:97-8.7 and in conjunction with the housing programs outlined in this document. The municipality will dedicate the anticipated development fee revenues and will seek outside funding sources to cover the potential costs of its affordable housing programs. Shortfall of funds will be addressed through the use of outside funding sources as set forth in "A Guide to Affordable Housing Funding Sources," dated October 2008, posted on COAH's website, or through bonding and/or appropriations as may be allowed by law.



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Architects  
Planners  
Landscape Architects

# THIRD ROUND HOUSING ELEMENT & FAIR SHARE PLAN Supportive & Special Needs Site

Bethlehem Township, Hurstford County, NJ May 2010